

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1330-03
Bill No.: HCS for HB 593
Subject: Health Care; Health, Public; Insurance - Medical
Type: Original
Date: March 30, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
General Revenue*	(Unknown)	(Unknown)	(Unknown)
Insurance Dedicated	\$10,000	\$0	\$0
Conservation	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on <u>All</u> State Funds	\$10,000 TO (UNKNOWN)	\$0 TO (UNKNOWN)	\$0 TO (UNKNOWN)

*Expected to exceed \$100,000 annually.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government	(\$339,777)	(\$339,777)	(\$339,777)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Economic Development - Division of Professional Registration** and the **Department of Health** assume this proposal would not fiscally impact their agencies.

Department of Transportation (DHT) officials state the Highway and Patrol Medical Plan covers mental health services the same as medical services; as a result there would be no impact to the Medical Plan for mental health services. However, the Medical Plan has a lifetime maximum of four times the plan year maximum for chemical dependency treatments and services. DHT states the proposal would require the Medical Plan to cover chemical dependency services with no lifetime maximum; therefore, this proposal would have a minimal fiscal impact on the Medical Plan due to the chemical dependency provisions. Historically DHT and the plan members have shared in any premium increases necessary because of increases in benefits. The costs may be shared in the long run (meaning shared between three categories: absorbed by the plan, state appropriated funds, and/or costs to individuals covered under the plan). However, the department (commission) must make a decision on what portion they would provide. Until the commission makes a decision DHT can only provide the cost to the medical plan.

Officials from the **Department of Social Services - Division of Medical Services (DMS)** state that currently Medicaid fee for service and managed care only allows three days for alcohol and drug inpatient treatment in an acute care hospital up to age 21. DMS assumes the provision regarding alcohol and drug abuse services would not be required of the Missouri Medicaid fee for service program because the proposal does not specifically address Medicaid or chapter 208. DMS states that if this assumption for the fee for service program is not correct, there would be a significant increase in costs for the fee for service program. DMS further states that services provided to Medicaid recipients through a managed care entity would be impacted because of an increase in capitation payments to cover the additional services. DMS states this cost is unknown but greater than \$100,000 annually. DMS states another factor impacting the significance of the cost is the possibility that the federal government may not financially participate in providing additional services for individuals aged 22-64 through the Medicaid program.

Department of Mental Health (DMH) officials state many of the clients that are served by DMH are those clients that have exhausted their insurance, have no mental health insurance, or have no physical health insurance at all. DMH assumes that the reference "services shall not place a greater financial burden on the insured or enrollee or be more restrictive than the requirements and limitations" means that the referenced services would have the same co-pay, coinsurance, out of pocket maximum, lifetime maximums, visit limitations, etc., as physical health medical service coverage. The proposal would only impact DMH clients that have health

ASSUMPTION (continued)

insurance that provides “coverage for mental health or chemical dependency services.” These clients would receive outpatient mental health and/or chemical dependency services with the same cost sharing equivalent to outpatient physical health medical services. In addition, these clients would receive the same inpatient hospital mental health and inpatient chemical dependency services with the same cost sharing as their inpatient physical health services. DMH does not know the type of coverages of each client’s individual policy nor the number of individuals that would be affected by this proposal. Therefore, the fiscal impact is unknown.

Oversight assumes minimal fiscal impact for DMH clients as they have no insurance or very minimal insurance coverage.

Officials from the **Department of Conservation (MDC)** state this proposal could have significant impact on MDC funds because of increased health insurance claims. MDC states the amount of impact is unknown.

Department of Insurance (INS) officials state that health insurers and HMOs would be required to amend policy forms in order to comply with this proposal. INS states that they anticipate that current appropriations and staff would be able to absorb the work for implementation of this proposal. However, if additional proposals are approved during the legislative session, INS may need to request an increase in appropriations due to the combined effect of multiple proposals. INS states there are 171 health insurers and 29 HMOs that offer health insurance coverage. INS states that of the health insurers, many offer coverage through out-of-state trusts which are not typically subject to such mandates. INS estimates that 171 health insurers and 29 HMOs would each submit one policy form amendment resulting in revenues of \$10,000 to the Insurance Dedicated Fund. If multiple proposals pass during the legislative session which would require form amendments to be filed, the insurers would probably file one amendment for all required mandates. INS states this would result in increased revenue of \$10,000 for all proposals.

Officials from the **Missouri Consolidated Health Care Plan (HCP)** state the proposal would require health insurers to treat mental health and chemical dependency in the same manner as other medical services. HCP that since HCP contracts provide mental health and chemical dependency parity in the network, this proposal would not fiscally impact HCP. The Public Entity HMO and POS contracts with HCP are identical to the state benefits. However, the Public Entities have a fully insured PPO through First Health which limits the mental health and chemical dependency benefits. By requiring mental health parity additional costs would be incurred. The joint committee on mental health parity estimated the cost to be approximately 5% of premium. The calendar year 2001 Public Entity PPO premium is \$6,795,540. A five percent increase in the cost would result in an increase of \$339,777.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
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GENERAL REVENUE FUND

<u>Costs - Department of Social Services</u>			
Increase in capitation rates*	(Unknown)	(Unknown)	(Unknown)

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND*	<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>
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*Expected to exceed \$100,000 annually.

INSURANCE DEDICATED FUND

<u>Income - Department of Insurance</u>			
Form filing fees	\$10,000	\$0	\$0

ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND	<u>\$10,000</u>	<u>\$0</u>	<u>\$0</u>
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CONSERVATION FUND

<u>Costs - Department of Conservation</u>			
Increased state contribution	(Unknown)	(Unknown)	(Unknown)

ESTIMATED NET EFFECT ON CONSERVATION FUND	<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
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PUBLIC ENTITIES

<u>Costs - Public Entities</u>			
Increased health insurance contributions	(\$339,777)	(\$339,777)	(\$339,777)

ESTIMATED NET EFFECT ON PUBLIC ENTITIES	<u>(\$339,777)</u>	<u>(\$339,777)</u>	<u>(\$339,777)</u>
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FISCAL IMPACT - Small Business

Small businesses would be expected to be fiscally impacted to the extent that they may incur additional health insurance costs due to the requirements of this proposal.

DESCRIPTION

This proposal would repeal the provisions known as the Mental Health and Chemical Dependency Insurance Act, enacted in 1999, and would replace them with a provision requiring health insurers to provide coverage for mental health and chemical dependency in the same manner as other medical services.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Economic Development
Division of Professional Registration
Department of Health
Department of Transportation
Department of Social Services
Division of Medical Services
Department of Mental Health
Department of Conservation
Missouri Consolidated Health Care Plan



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Director

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